

Capital Project Appraisal & Procurement Report

Project Title	Disposal of former Yasume Club premises, Auckland Road Cambridge
Target Start Date	July 2008
Target Completion Date	Autumn 2008
Project Manager / Lead Officer	Head of Property and Building Services
Scrutiny Committee and Portfolio	Strategy and Resources Scrutiny Committee Customer Services and Resources Portfolio
Scrutiny Committee Date	16 th June 2008

1 Recommendations

For schemes not included in the Council's Capital Plan

Financial recommendations –

The Executive Councillor is asked to recommend:

- 1) open market disposal of this under performing and now vacant property (which is not included in the Council's Capital Plan) for approval by Council. The potential capital receipt is estimated at not less than £250,000. In addition, the Council will incur surveyor's fees in the region of £3,000.

2 What is the project? Provide a description of the proposed project, justify the reason for the project, and note what alternative options were considered.

The project is a proposed property disposal and concerns the future use of a small non-operational Council property, now vacant, formerly known as the Yasume Club, Auckland Road, Cambridge. The property has been let to a club for ex PoW of the Japanese since 1985, prior to that it was a Council staff social club. The membership of the Yasume club has declined to the point where the club has been wound up by its trustees. The Council accepted a surrender of their lease with effect from the 24th March 2008.

The premises comprise a rather basic single storey timber building on a rectangular parcel of land. The site is shown on the attached plan and has an area of approx. 370sqm/0.09acres. It is located in a predominantly residential

area close to the city centre and there has been recent residential development on either side. The rear of the site backs on to public open space, which connects to Midsummer Common.

The premises have generated a rent of £5,400 per annum exclusive. The tenant has been responsible for all repairs with the caveat that they were not required to put them into any better condition than prevailed at the commencement of their lease. The premises could potentially be re-let on the open market for clubroom use or possibly other uses subject to planning permission, but they are really now beyond their useful life. The rental income that may be generated by re-letting would represent a poor return on the site's potential capital value as a small residential development site (subject to planning permission). Expressions of interest have already been received and there would be lively interest when offered on the open market.

Alternatively, the site could be offered to a Registered Social Landlord for an affordable housing project. Please note, however, that the capital receipt would probably be heavily discounted. In addition, to facilitate such a scheme, in order that it is viable to a Registered Social Landlord, the Council may also have to provide grant aid. The Council would, however, expect to get nomination rights. The site is currently owned by the General Fund.

It is recommended that the site be offered for sale on the open market to generate a capital receipt.

3 Outline the aims and objectives of the project and highlight how it contributes to achieving the Council's Medium Term Objectives.

Relevant Medium Term Objective (MTO) – Working to maximise the supply of affordable housing in the City and to ensure Cambridge residents have safe, decent and energy efficient homes.

Disposal for market housing would generate a General Fund capital receipt, which could be applied to Council projects supporting this or other MTOs with minimal impact on Council income. The Council as vendor could encourage energy efficiency by specifying that particular sustainability standards were adhered to by a purchaser.

Disposal to a Registered Social Landlord for an affordable housing scheme would increase the city's affordable housing stock and give the Council nomination rights.

4 Identify and summarise the impact on and major issues for stakeholders & other departments. Summarise the key results of initial consultation (including members where appropriate).

The property is in the Council's non-operational portfolio and has now been surrendered back to the Council.

The major issue for the "owning" department has been whether to re-let the property to generate a small continuing rental income or dispose of it for either market housing to generate a capital receipt or to facilitate development by a Registered Social Landlord with a low or nil receipt and possibly additional grant support obligations in exchange for nomination rights.

Community Services' view is that the site may be too small for a viable Registered Social Landlord scheme and that the Council may benefit more from a market disposal.

Ward Councillors have been consulted; one supported disposal for market housing and the other noted that there was a shortage of affordable housing in the area.

5 Procurement. What resources for this project will be procured from outside the Council? What method of procurement are you to use? What is the estimated total value for each procurement element?

A re-letting of the property would be carried out in-house.

A market disposal would sensibly involve procuring the services of a local firm of surveyors. A minimum of 3 suitable firms would be asked to provide a fee quote, which would be unlikely to exceed 1.5% of capital receipt.

Disposal to a Registered Social Landlord would mean a private treaty disposal to a Registered Social Landlord selected by Community Services. There

6 Summarise key risks associated with the project. Include the key risks the project aims to mitigate, risks involved in delivery of the project and risks that might occur if the project does not take place.

Delay in re-letting or disposal of the property could give rise to void property risks and liability for empty property business rates.

7 Financial implications. Comment on any special financial considerations associated with the project such as grant or funding conditions.

Appraisal prepared on the following price base

2008 / 2009

A market disposal would generate a capital receipt in the current financial year.

A disposal to a Registered Social Landlord for an affordable housing scheme would probably generate a nil receipt and may also generate a requirement for Community Services to pay housing grant

8A Capital costs & funding		
	£	Comments
Capital Costs		
Building contractor / works		
Purchase of vehicles, plant & equipment		
Professional / Consultants fees		
Other capital expenditure		
Total Capital cost		
Capital Income / Funding		
Government Grant		
Capital receipt from disposal	(250,000)	Minimum estimated capital receipt from market disposal Probably nil if disposed to RSL
S106 funding		
R&R funding		
Earmarked funds		
Existing capital programme funding		
Revenue contributions		
Total Income	(250,000)	If market disposal
Net Capital Bid	(250,000)	If market disposal

Expenditure profiling:	£	Comments
Year 1: 2008 / 2009	(250,000)	If market disposal
Year 2: 20 / 20		
Year 3: 20 / 20		
Year 4: 20 / 20		
Year 5: 20 / 20		
Net Capital Receipt	(250,000)	If market disposal

Appendix A, Capital Project Appraisal profiling, should also be completed.

8B Revenue costs			
	In 2008/09 (year) £	Ongoin g £	Comments
Revenue Costs			
Employees			
Premises costs			
Transport			
Supplies & Services	3,000	0	Surveyor's fees for disposal of asset – nil if private treaty disposal to RSL negotiated by Council officers
Repair & renewal contributions			
Loss of rental income	5,400	5,400	
Total revenue cost	8,400	5,400	
Revenue Income			
New charges, rents etc.			
Existing revenue budget/s			
Total income	0	0	
Net revenue bid	8,400	5,400	
N.B. Disposal to RSL may require grant support from Housing Funds			

9 VAT implications. Comment on any VAT implications identified in consultation with the Finance Department.

There are no significant adverse VAT implications to this project.

10 Other implications. Comment on any other relevant implications including property, accommodation, environmental, health & safety, community safety, procurement, human resource, equal opportunities and diversity.

None

11 Estimate of staffing resource required to deliver the project. Comment on the availability of internal project team resources. Ensure that the costs of external resources required have been included in the financial table/s above.

Minor – can be accommodated within Property Services’ workload and within Service Level Agreement support provided by Legal Services for Property.

Skills required / internal or external	Estimated number of hours	Proposed Timescale	
		Start date	Finish date
Property Surveyor to instruct external agents(or negotiate with RSL/liaise with Community Services), agree heads of terms, obtain approvals and instruct Legal Services	12	July 2008	Autumn 2008
Legal Services to complete transfer of freehold or long leasehold (if RSL) to purchaser	12	Autumn 2008	Autumn 2008

12 Identify any dependencies upon other work or projects. Identify any other projects which cannot progress until this particular piece of work is complete

None – apart from fitting in with Property Surveyors’ and Legal Services’ general work load.

13 Background Papers. List any background papers used in the preparation of this project appraisal.

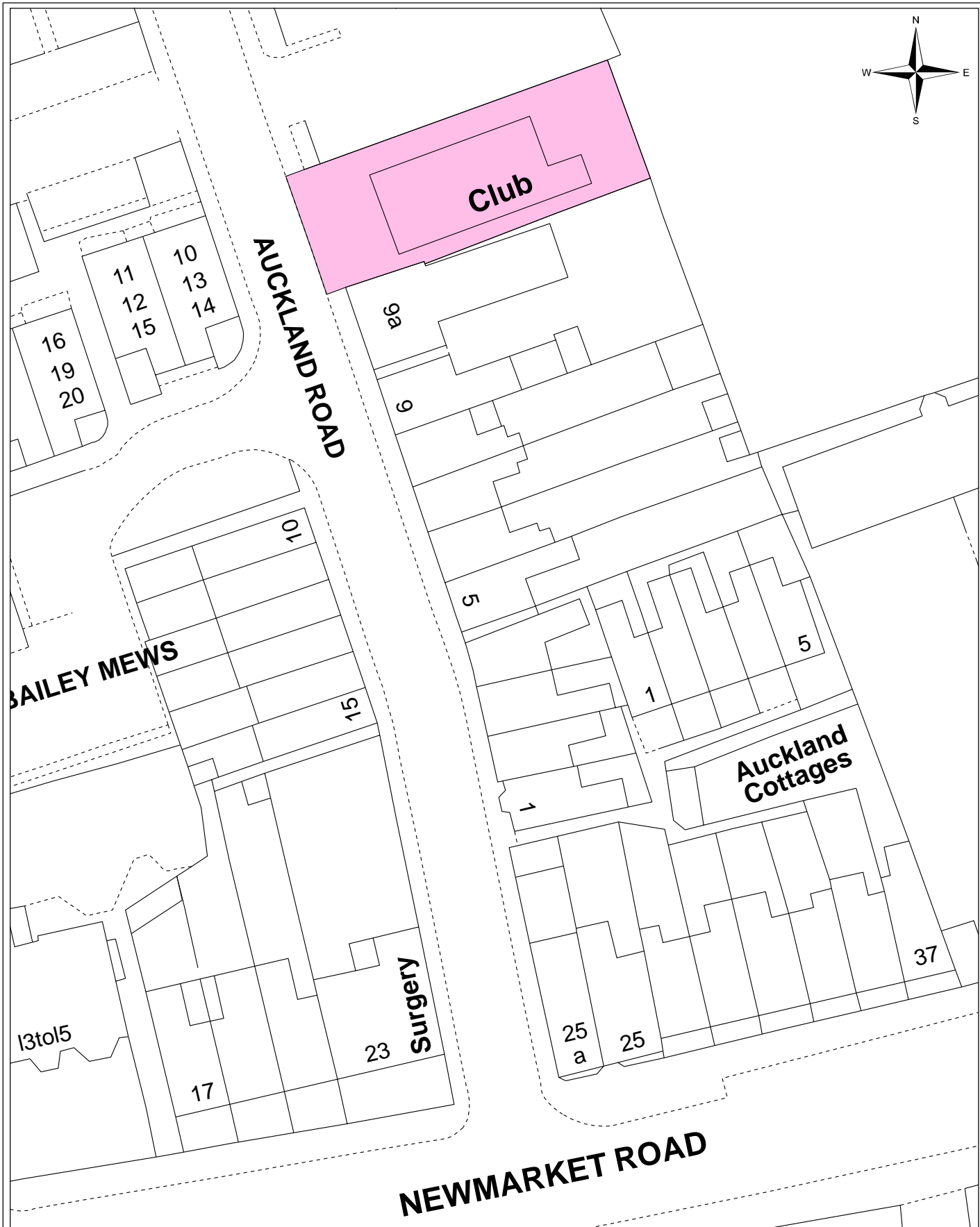
Site plan

14 Inspection of papers

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Finance Department use only:

Project Approval Dates	Date
Approved by DoF	
Reviewed by AMG / ICT	21/5/2008
Executive Councillor Approval	
Scrutiny Committee Approval (if applicable)	
Council Funding Approval	
Added to Hold List	
Removed from Hold List	
Added to Capital Plan	



John RO Cowin MRICS
 Head of
 Property & Building
 Services

Former Yasume Club - Auckland Road

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